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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000301

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TAGS: PREL GPGOV ECON ETRD EAGR MARR WHO CH TW
SUBJECT: AIT CHAIRMAN BURGHARDT'S MARCH 18 MEETING WITH
TAIWAN PRESIDENT MA YING-JEOU

Classified By: The Director for reasons 1.4(b/d)

Summary

¶1. (C) The Obama administration views progress in cross-Strait relations in very positive terms, visiting AIT Chairman Burghardt told President Ma Ying-jeou during their March 18 meeting. U.S. officials have made clear both publicly and in private with Chinese officials that the United States remains committed to providing for Taiwan's legitimate defense needs. President Ma indicated Taiwan's top priority in cross-Strait relations is concluding a framework trade agreement and also hopes to reach an agreement this May allowing Taiwan to participate in WHO activities. The Health Minister's suggested phased opening of Taiwan's beef market is too slow, too timid and will only increase growing U.S. frustration with the issue, Burghardt cautioned. He urged Ma to hurry the process to its conclusion. End Summary.

Ma, Burghardt Review Positive Trends in Ties

¶2. (U) President Ma Ying-jeou began his March 18 meeting with AIT Chairman Raymond Burghardt with a press spray, reviewing the progress his administration has made since its May 2008 inauguration towards improving cross-Strait ties and Taiwan's relations with the United States. He cited agreements allowing cross-Strait flights, U.S. approval of the sale of \$6.4 billion in arms, Taiwan's decision to join the WTO's Government Procurement Agreement (GPA), the U.S. decision to remove Taiwan from its Special 301 IPR watchlist and the January agreement that allows Taiwan to participate in the WHO's International Health Regulations (IHR) system. The President noted that the U.S. and Taiwan have a number of other issues under discussion, including Taiwan's interest in FTA talks, its request to be included in the U.S. visa waiver program, the need for a bilateral extradition agreement and the U.S. request that Taiwan fully open its beef market. Relations between the United States and Taiwan are strong, Ma said, noting that the 30th anniversary of the signing of the Taiwan Relations Act (TRA) is approaching.

While there were concerns about the TRA at the time it was signed, it has proven to be a key to maintaining stability in the region.

¶ 13. (U) Chairman Burghardt conveyed the warm regards of the Obama administration, which views the progress in cross-Strait relations in very positive terms. Improving relations not only helps make the region more stable, he said, but also is bringing practical benefits to people on Taiwan as well as to Americans doing business in the region. The United States applauds the progress Taiwan has made and looks forward to talking in depth about the issues raised by the President.

U.S. Committed to Taiwan Relationship

¶ 14. (C) After the media left, Burghardt emphasized that Deputy Secretary Steinberg and Deputy National Security Advisor Donilon had asked him to convey the Obama Administration's commitment to further strengthening all aspects of the U.S.-Taiwan relationship) security, economics and trade, and relations with the international community. During her recent trip to Asia, he noted, Secretary Clinton reaffirmed publicly Asia,s importance to the United States and, in her meeting with Chinese Foreign Minister Yang, privately stressed the U.S. belief that arms sales to Taiwan contribute to cross-Strait stability. The Secretary also emphasized to Yang that public health concerns make it essential Taiwan be able to participate in WHA activities. The fact that, in contrast to previous meetings between Yang and the Secretary,

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Taiwan was not a major issue suggests that China is comfortable with the state of cross-Strait relations, Burghardt said.

Economics, ECFA Main Cross-Strait Focus

¶ 15. (C) This public U.S. support for cross-Strait rapprochement is essential given Taiwan,s domestic political environment, Ma emphasized. The opposition DPP,s claim that the United States is not happy with his administration,s efforts to improve relations with China and the recent media frenzy surrounding efforts to conclude an Economic Cooperation Framework Agreement (ECFA) illustrate the challenges his government faces. Despite the fact that ECFA is a purely economic agreement, the media and opposition DPP party are suggesting it would compromise Taiwan,s sovereignty and undermine its economy. This is not true, Ma stressed, and the government plans to respond through a series of symposiums and hearings to explain that ECFA is simply a framework under which concrete agreements can be negotiated. Taiwan will not pursue these specific agreements unless there is domestic consensus in favor of them, Ma insisted, citing the shoe industry as an example of a sector not ready to be opened to Chinese imports.

¶ 16. (C) The ASEAN 1 trade agreement goes into force on January 1, 2010, Ma emphasized, and it is essential that Taiwan make progress on its own deal with Beijing before then. There are three reasons for doing so. First, it will normalize a cross-Strait trading relationship that exceeds \$130 billion in annual two-way trade. It will also help Taiwan avoid being marginalized as others in the region integrate their economies more closely. Finally, Ma said, it will allow Taiwan to discuss free trade arrangements with countries now unwilling to get ahead of Taiwan-China rapprochement. If Beijing agrees to a trade arrangement with Taiwan, it is less likely to block other countries from doing so, Ma explained. While it is too late to include an ECFA on the formal agenda of the next round of SEF-ARATS talks this spring, it should be possible to reach a deal by year,s end.

¶ 17. (C) Stressing the importance of having a broad popular

consensus in support of the Ma administration's China policy, Burghardt asked about the state of the KMT's relations with the opposition DPP. Ma noted that he had made numerous offers to meet with Tsai Ing-wen, but the DPP Chairman either ignored them or put forward unacceptable preconditions. Tsai's latest ploy, Ma said, was an offer to debate the virtues of Ma's economic engagement policy. We had that debate one year ago (i.e., during the March 2008 presidential election) and the DPP lost, Ma said. Nevertheless, the KMT will continue to search for ways to reach out to the DPP and DPP voters and will submit any final deal to the legislature for approval.

International Space: Cautious on WHA, &Truce⁸ Holding

¶18. (C) The United States wants to help Taiwan expand its international space, Burghardt said, but also does not want to get in the way. Specifically, he asked whether the President had additional details to share about Taiwan's effort to secure observer status for the May meeting of the World Health Assembly, noting the President's recent comment to the media that direct talks on the issue would take place soon. Taiwan has a way to discuss the issue with China, Ma replied, with talks likely to take place later in March or sometime in April. While it is encouraging that PRC Taiwan Affairs Office head Wang Yi expressed &cautious optimism⁸ that a solution can be found, Ma said, China can be a difficult negotiator.

¶19. (C) In other areas, Ma said, efforts to preserve Taiwan's

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international space are relatively calm. It seems clear, he said, that China discouraged some Taiwan allies from switching diplomatic recognition but otherwise it does not appear that China's foreign affairs system is actively seeking to improve relations. For its part, Taiwan is taking steps to reassure what Ma described as &jittery⁸ allies that it will continue to be a good partner. Ma noted that he was considering attending Presidential inaugurations in Panama and El Salvador this summer, if invited. (In a subsequent meeting, National Security Council Secretary General Su Chi said MOFA was recommending that Ma attend both but he personally thought the President should choose one or the other.) Ma made it clear, though, that he had told Taiwan ambassadors to avoid the &less savory⁸ practices used in the past to woo allies.

Beef Liberalization &Too Slow and Too Timid⁸

¶10. (C) Noting that he had discussed the issue the previous day with Vice President Siew, Burghardt expressed strong concern about the suggestion made by Health Minister Yeh that Taiwan phase in the opening of its market to U.S. beef, beginning with bone-in beef in May or June. Such an approach is &too slow and too timid,⁸ the Chairman emphasized. The issue is not going away and, in fact, agriculture issues are coming under increasing scrutiny by the administration and its friends in Congress. The Health Minister is testing the water, Ma said, afraid that moving too quickly will be counter-productive.

¶11. (C) Burghardt followed up on the issue during a lunch hosted by NSC Secretary General Su Chi. The Director reviewed his recent discussion with Health Minister Yeh on opening Taiwan's market to all U.S. beef products, during which Yeh raised the specter of a slow, phased opening of the market. Taiwan needs to make a political decision and act quickly, the Director urged, noting the high level of frustration in Washington. Opening the market quickly would send a message of good will. Agreeing on the importance of putting this issue behind us, Su Chi said he would seek a meeting with Minister Yeh later this week to push the process along.

DRAM Consolidation

¶12. (SBU) Noting that Taiwan Memory Company coordinator John Hsuan will be visiting the Idaho headquarters of Micron later in the week, Burghardt suggested that such a private partnership would send a strong public signal about the overall health of the relationship. Taiwan's policy, Ma emphasized, is to support the DRAM industry without getting bogged down in the details of running the sector or debts it has already incurred. Taiwan's industry needs government help and the right technology to allow it to compete with Korean companies. Ma agreed that Hsuan is a strong choice for the position and a respected leader in the industry. He agreed that Micron's participation should be given careful consideration.

Participants

¶13. (U) President Ma was accompanied by NSC Secretary General Su Chi, VFM Andrew Hsia, MOFA North American Affairs Division DG Harry Tseng, MOFA U.S. Desk Director Douglas Hsu and MOFA Desk Officer Johnson Jiang. Chairman Burghardt was accompanied by the Director, EAP/TC Director Ted Mann, AIT Pol Chief, and AIT PolOFF Deanna Kim.

¶14. (U) Chairman Burghardt has cleared this message.
YOUNG